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Irion A. Sanger

June 3, 2004

Via Facsimile and U.S. Mail

Annie Eissler
FOIA Officer
Mail Stop C-4
Bonneville Power Administration
PO Box 3621
Portland, OR 97208

RECEIVED BY BPA FOIA OFFICE THIS DATE: 6/10/04
DUE DATE: 7/12/04
LOG # 04-042

Re: Freedom of Information Act Request

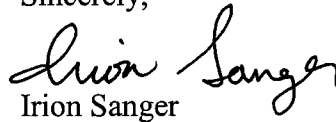
Dear Ms. Eissler:

Pursuant to the Freedom of Information Act, please provide us with copies of Bonneville Power Administration's agreements with each of the investor-owned utilities (PacifiCorp, Portland General Electric, Puget Sound Energy, Avista, Idaho Power Company and Northwestern) regarding the reduction in risk discount and the residential and small farm exchange benefits during fiscal years 2007-2011. For your convenience, I have attached a copy of the BPA press release announcing the signing of these agreements.

Please send the requested documents to the address listed above. I am willing to pay search and copy charges up to \$50. Please contact me for further authorization if these charges will exceed \$50.

If you have any questions about this request, please feel free to call. Thank you for your assistance.

Sincerely,


Irion Sanger

Bonneville Power Administration

<http://www.bpa.gov>

BPA Home » BPA News » 2004 » **BPA and investor-owned utilities sign agreements that**

PR 52 04

**BONNEVILLE POWER ADMINISTRATION
FOR IMMEDIATE RELEASE:
TUESDAY, June 1, 2004
Contact: Ed Mosey | , BPA (503)-230-5131**

**BPA and investor-owned utilities sign agreements that
will benefit the region's electricity ratepayers**

PORTLAND, Ore. - The Bonneville Power Administration has signed agreements with the region's investor-owned utilities that will benefit consumers of electricity throughout the Pacific Northwest.

The agreements make BPA wholesale power rates for public agency utilities 6 percent lower than they would otherwise be for fiscal 2005 and 2006. Residential and small-farm customers of the region's investor-owned utilities receive greater certainty about rate benefits from the Federal Columbia River Power System after 2006.

A number of public agency customers sued BPA over the level of benefits going to investor-owned utilities under contracts signed in 2000. The agreements announced today were successful where a proposed litigation settlement failed earlier this year. The agreements do not affect the existing lawsuits.

"Many months of hard work by the parties and strong support of regional leaders for an agreement kept alive efforts to amend the contracts in mutually beneficial ways," said Steve Wright, BPA administrator. "As a result, we've been able to achieve two of our original objectives - near-term rate relief for public utility customers and long-term certainty about federal power benefits for customers of investor-owned utilities."

BPA, PacifiCorp and Puget Sound Energy have signed agreements that modify existing power contracts in a way that reduces the federal agency's costs by more than \$200 million in 2005-2006. The two investor-owned utilities will forgo \$100 million in BPA payments and defer the remaining \$100 million until 2007-2011, with interest.

Avista Corporation, Portland General Electric, Idaho Power Company and NorthWestern Energy signed agreements that provide their residential and small-farm customers the same certainty in benefits for 2007-2011. In return, they also would give up some of their current benefits under the original contracts signed in 2000.

BPA distributes the benefits under a federal law that provides for a sharing of the value of low-cost federal hydropower with the small-farm and residential customers of investor-owned utilities. The utilities receive this value in the form of federal hydropower or the equivalent in cash.

It is not possible to determine now what adjustments BPA will need to make in wholesale rates this fall. However, the agreements have a net effect of reducing rates 6 percent for most public agency customers, absent other factors. A relatively low water-year and uncertainties about BPA's revenue from surplus power sales will also affect the size of the rate adjustment scheduled for October.

BPA sells wholesale power at cost to 135 retail utilities and several industries in the Pacific Northwest. Each one has unique operating costs and rates, so the effect of BPA's wholesale power rates on the retail rates of any given utility will vary.

Submitted for distribution on *06-01-2004* at *9:50 AM*

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Mailing Address: Media Relations - DM7, P.O. Box 3621, Portland, OR 97208-3621
Phone: (503)230-5131 **FAX:** (503) 230-5884 **Web Site:** <http://www.bpa.gov>

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